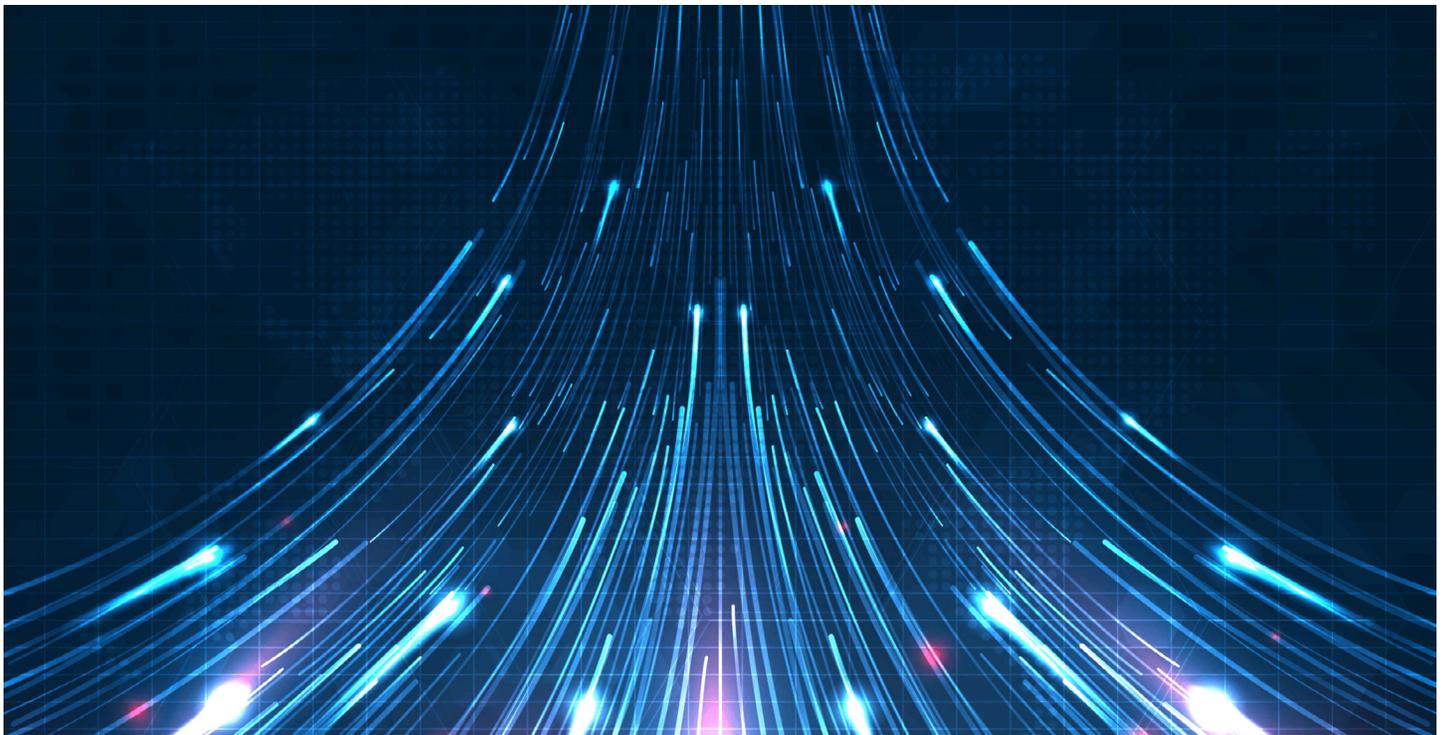


# The Governance Curve™

A Roadmap to Greater Board Effectiveness

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Updated for 2024



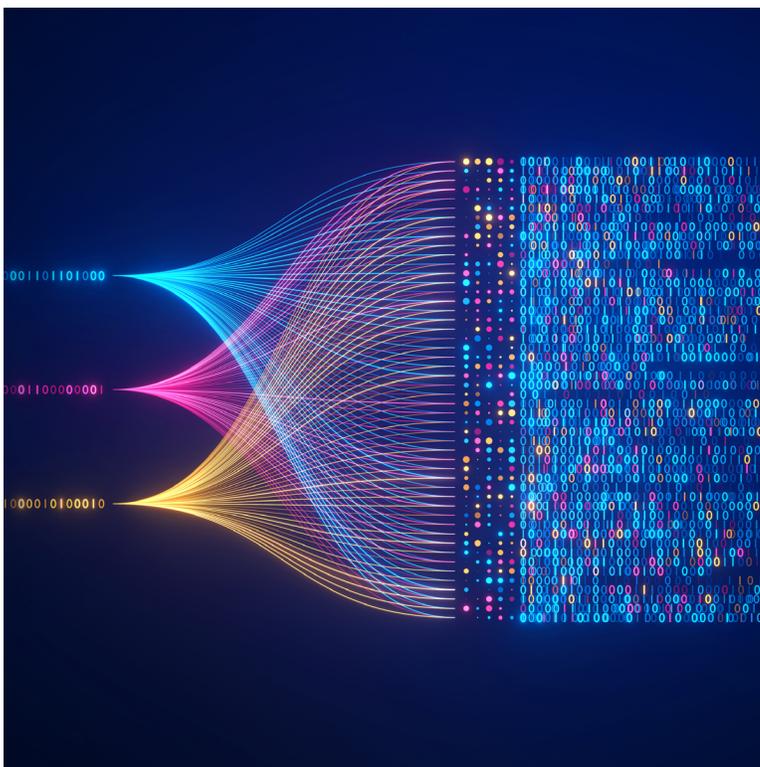
## Introduction

Board effectiveness is a never-ending pursuit for the best boards. The strongest boards adopt high performance standards and continually push themselves toward excellence. Staying current and at the top of the game is demanding, with expectations higher now than ever before. Just identifying what success looks like and how to get there can be a considerable challenge. Defining effectiveness is an important first step to ensuring a board is delivering the greatest value to the organization it serves.

Boardspan was founded to help boards succeed. Over years of engaging with a wide range of boards —from ultra-high-performers to those that need considerable help addressing their challenges— we have observed and identified the activities, conversations, and information that help boards elevate their performance. Working so closely with so many boards has afforded us a unique and privileged perspective. Using this knowledge and aiming to help get more boards on their journey to ever greater effectiveness, we created a roadmap for board success: The Governance Curve.

## High Complexity Yields High Reward

The Governance Curve illustrates what we know to be the surest path to achieving board excellence: Build a strong governance foundation, thoughtfully plan for increasing complexity, and use the information and insights gained to elevate board performance and contribute more meaningfully to the organization.



The Curve will make intuitive sense to board members who naturally understand that the greatest value you can create or unleash comes from tackling the most complex issues. Much like finance is based on the “high risk, high reward” postulate, governance contributions can be summarized as “high complexity, high value creation.”

Before we elaborate on the levels of complexity that make up The Governance Curve, let’s review a few truths about board excellence.

## Strategic Value Is Critical to Board Success

While key board responsibilities include ensuring appropriate leadership and providing management oversight, the most successful boards seek to contribute at a strategic level, engaging with management on high-impact decisions and understanding potential disruptions, opportunities, and threats.

Whether a business is considering how best to allocate its R&D resources, recover from an unexpected challenge, enter a new market, reposition a major offering, divest a business, or pursue an acquisition, board members' experience, expertise and fresh perspectives can be invaluable to management and ensure appropriate stewardship for all constituents. High-performing boards know that maximizing the time spent supporting strategic initiatives is high-value work.

## Getting to Strategy Takes Discipline

Individuals can be highly strategic, and most board members have built those muscles as current or former executives. When working together to contribute strategically and tackle the most complex issues, a strong governance foundation sets up the board for maximum success.

While moving up and to the right along the curve may seem like a heavy lift, there is a "method to the madness" and thoughtful planning can make the process efficient and the activities additive. Given that the goal is to set the board up to be fully informed and well-prepared to add strategic value, it is well worth the effort.

The Foundational and Intentional work, as defined on The Governance Curve, helps a board ensure that its core responsibilities are being met and that it has high self-awareness around its strengths and gaps. Staying objective, attuned to market changes, and forward-thinking is key to a board's success.

Thoughtfully framing up a governance plan makes all the difference, ensuring that the board has its responsibilities in hand and an appropriate foundation for focusing on strategic contributions.

## Charting the Path to Board Success

In years of working with boards, we've observed a few nearly universal truths:

- Virtually every board wants to contribute more to strategy. Yet in our Board Performance Assessment Benchmarks, strategy is often cited as one of the biggest challenge areas for boards.
- It's common for boards to spend much of their time on routine tasks and urgent matters, leaving less time for strategy. As board work becomes increasingly complicated, carving out sufficient time for strategic discussion gets harder.
- Boards that lack alignment and a strong culture find it hard to move the needle on complex issues and especially strategic matters.

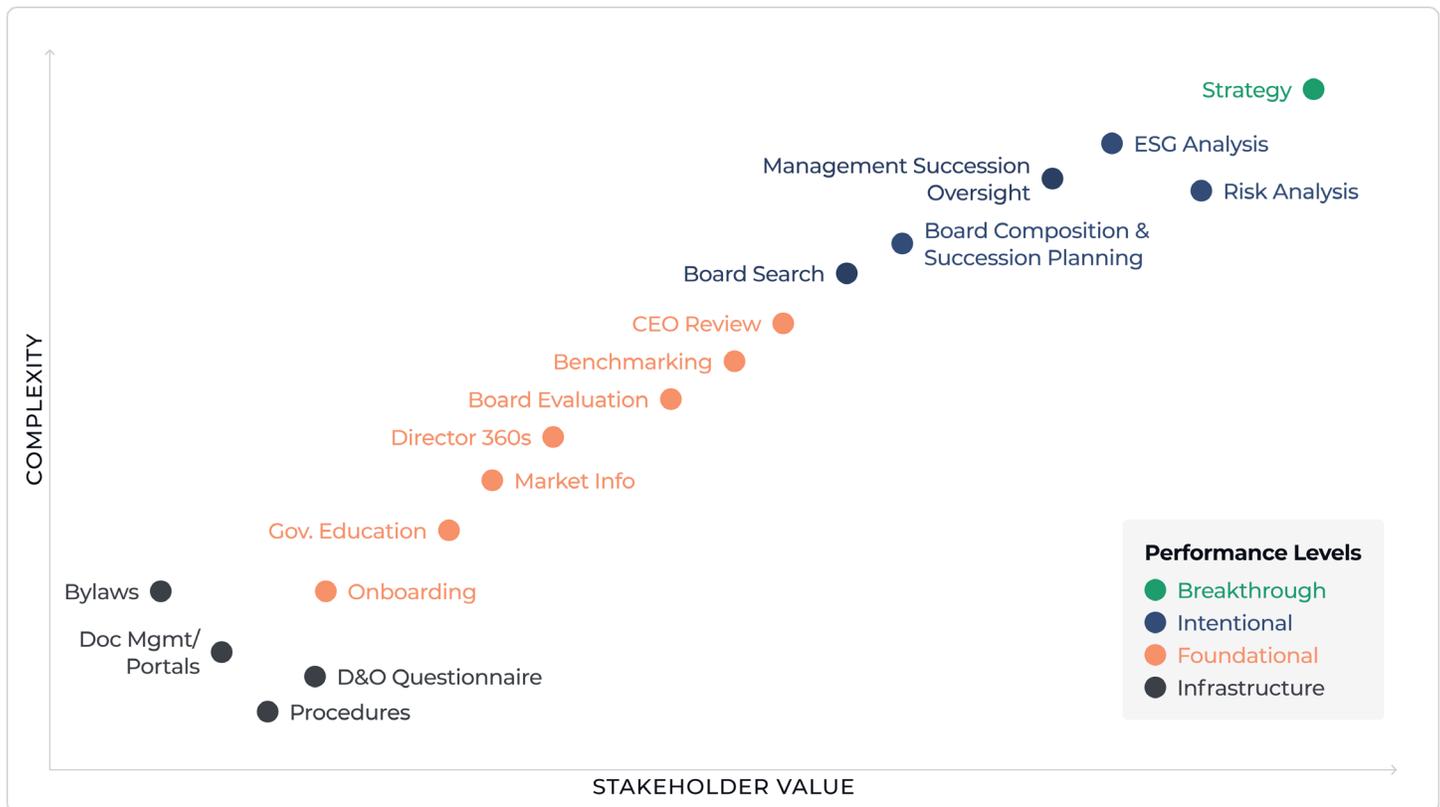
### *Introducing The Governance Curve*

*Drawing on Boardspan's governance domain expertise and our deep knowledge of how boards collaborate among themselves, we developed The Governance Curve to be a roadmap for board success. At its core, it considers the complexity of the challenges that a board faces relative to the value or contribution that stakeholders receive. Understanding this relationship will help boards align, prioritize, and maximize their contributions.*

*The Governance Curve helps boards recognize governance landmarks, visualize the path forward, prepare to engage on strategy, and spend more time on high-value work. While there is no one-size-fits-all playbook for board work, The Governance Curve can help board members:*

- *Understand where the board is on the Curve*
- *Thoughtfully prioritize governance activities*
- *Develop a gameplan to identify and fix gaps in governance work*
- *Establish a framework to prepare a board for strategic work*

## The Governance Curve™



## The Levels of the Curve

Along The Governance Curve, there are four levels of activity:

- Infrastructure
- Foundational
- Intentional
- Breakthrough

By design, activities at the bottom of the curve are considered basic and not terribly complex, but many are required governance activities and all are necessary steps to help boards get and stay organized, fulfill their responsibilities, and codify their work. Activities at the higher end of the curve are more complex, and some will be uniquely tailored to the needs of each board, as identified through discovery at the Infrastructure and Foundational levels.

## Infrastructure: The Basics

The infrastructure level provides the necessary underpinnings for a board to establish and execute its organizational mandate. Bylaws, procedures, document management, and D&O matters are part of a board's basic toolset.

All of these activities must be addressed, and they are fairly straightforward, often handled by staff whose roles are adjacent to the board: general counsel, a corporate secretary, or other people in legal or administrative functions that support the board. Board members rarely get in the weeds with these tasks.

Though these activities don't have as much value as work higher up the curve, they do need tending from time-to-time. For example, if the size of the board needs to be changed or the committee structure needs to be altered, having current bylaws, and adhering to documented procedures is important. So the Infrastructure level lays important groundwork for the board, however, it has little influence on the strategic and other high-value contributions of the board.



## Foundational: The Core

The Foundational level includes table stakes activities for boards that are essential to establishing solid oversight and accountability. Having a strong core here will enable more high-value board engagement and support more complex work.

To be successful at oversight and confident in its accountability, a board must establish and periodically confirm several important Foundational elements:

- (1) A clear definition of responsibilities.** What is required and expected of the board and how can it best contribute to the organization?
- (2) Optimal composition.** Boards must be deliberate in ensuring that the right people sit around the table, bringing the appropriate skills, experience, perspective, and background to contribute to the success of the organization.

**(3) Access to critical information needed to inform board guidance and decisions.** What data needs to be available, and from whom? What insights and resources will help the board do a better job for the organization, and be better board members?

**(4) Alignment around a common purpose, vision for success, and agreed-upon strategy.** Even when boards are diverse and full of strong personalities and opinions (or maybe especially when this is the case), higher-level alignment is what makes boards stronger as a team and more able to take on complex, strategic work.

**(5) A culture of respect, openness, candor, and constructive debate that fosters trust.**



All Foundational activities should validate and reinforce these five elements. When embraced by the board, they increase awareness and greater understanding of the board's strengths as well as areas that would benefit from more attention. Boards can then focus more purposefully on addressing challenges and exploiting the strengths that can propel the organization forward.

For example, every public company board is required to conduct an annual board assessment. Assessments come in many shapes and sizes, and not all provide insights to help a board continue to elevate its performance. However, an assessment that combines both quantitative and qualitative data, can be tracked year-over-year, and offers peer benchmarking will provide a board with a superlative level of insight. Increasing self-awareness is a proven way to level up performance, surface priorities and embrace challenges.

Other ways boards establish a firm foundation include conducting an objective CEO 360 facilitated by a third party, or ensuring a comprehensive director onboarding program is in place. A modest investment in programs such as these delivers a huge return.

Each Foundational activity often takes place annually or at least every other year. When a board is thorough and consistent with the Foundational work, it will find it much easier to identify a clear path to the more valuable strategic work. The Foundational work gives a board a great view of its governance landscape, typically enabling greater efficiency and prioritization of important tasks, all of which opens up more time for making strategic contributions.

## Intentional: Higher Impact

With a strong foundation in place, a board is considerably better prepared to undertake more value-enhancing work and to help the organization navigate big challenges. At the Intentional level, members are thinking longer term: Is the company taking appropriate steps to prepare for the future? Have potential management team successors been identified and given appropriate development opportunities, board exposure, and more to prepare them for an eventual step up? Have risks, mitigation efforts, and responses been appropriately explored? Does the board consider how its needs will be met as tenured members depart or new expertise is needed?

By staying close to the issues that could impact the company, being mindful of constituents' needs, and adopting a forward-thinking perspective, a board gains confidence and can lean into increasingly complex issues. And thanks to the thoughtful work done in previous stages, a board has greater visibility into these issues and is more aligned on how to approach them.

At the Intentional level, a board may find itself laying fresh tracks as it addresses dynamic and evolving issues that wouldn't have been on its radar in a previous era. Hello, AI! Often working at this level will prompt board members to recognize a need for new knowledge expected of the board. There may also be a call to invest in education for current members, seek guidance from outside experts, add expertise to its team, and look at the organization in the context of a broader ecosystem of competitors and peers. It's not unusual for a board widening its scope in this way to rethink its committee structure, too; it might assign new responsibilities to an existing committee or add a new committee altogether.

Boards that have undertaken these value-enhancing activities move with confidence and conviction, assured that they have insight into significant issues, are fulfilling their role as stewards, and are well prepared to navigate new challenges or undertake initiatives that truly break ground for the organization.



## Breakthrough: Maximum Impact

The value a board can add increases exponentially as it collaborates with management to consider strategic possibilities, engages in regenerative thinking, and pushes for new avenues of innovation and positive disruption.

The Breakthrough level is where a board performs its most meaningful work, namely supporting strategic plans and actions designed to accomplish goals and deliver aspirational results. By pushing the management team to be more strategic or perhaps to reconsider an overly aggressive plan, or to find new approaches to the threats and opportunities it faces, the board gets into high-impact territory. By engaging at this level, a board can support management in real breakthroughs: product innovation, market disruption, lucrative exits, and other dynamic actions that ultimately benefit multiple stakeholders.

We consistently see that the basis for a board's strategic work has been enabled by the Foundational work, and the strong board culture that results from board alignment and collaboration. Further, knowledge gained doing Intentional work on complex issues like Risk, ESG, Talent, Succession Planning, and other activities naturally prepares the board to make strategic contributions that can push an organization to new heights.

At this level the board can engage meaningfully with management on business drivers, evolving markets, customer needs, changing workforce needs, capital allocations, competitive dynamics and many other strategic imperatives. Board members will need considerably less time to get up to speed on these initiatives, as the prior work has left them well prepared to add strategic value immediately.

## Ascending The Governance Curve: How to Break Through



Using The Governance Curve as a framework, a board can push itself to first become more effective and efficient at the Infrastructure and Foundational levels. This will free up time to devote to the more complex issues and activities. Continuing to use The Governance Curve as a roadmap, a board can prioritize activities at the Intentional and Strategic Levels to add more value. This is the proven path for boards to become more successful and meet their aim of contributing more strategic value.

Boardspan has helped countless boards move up the Curve by elevating their governance processes at the Foundation level with resources like our best-in-class Board Performance Assessment, Individual Director Evaluations, and CEO Review. These tools provide far more valuable data and insights than most homegrown processes or check-the-box exercises designed to meet compliance requirements. Boardspan's proprietary Board Performance Benchmarks enable boards to compare board effectiveness to peers for greater understanding of their performance strengths and challenge areas.

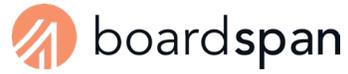
Working directly with Nominating & Governance Committees and/or Board Chairs, Boardspan consultants contextualize data, deliver tailored insights, and help boards sharpen their focus on performance-related activities and prioritize changes to increase effectiveness. This facilitates movement up The Curve, enabling boards to spend more time on complex, higher-value issues.

Boardspan consultants also work with boards at the Intentional level to recruit new board talent (Board Search) and thoughtfully plan for future board talent needs and composition changes (Board Succession Planning). By providing a data-informed and holistic view of board talent and future needs, this modern approach to building boards is a game changer.

Boards intent on delivering the highest value, providing fulsome oversight, and thoughtfully supporting management have long embraced the concept of progressing up a curve, even if they didn't have a name for it or an easy time getting all the parts and pieces in the right place. Now with Boardspan's Governance Curve framework to guide and drive board effectiveness, all boards have the opportunity to organize their governance activities to achieve maximum impact.

## About Boardspan

*Boardspan is the leading provider of digital governance solutions for boards across all sectors. Our data-informed board assessments, benchmarking, director & CEO evaluations, board succession planning & search, and bespoke governance advisory take a holistic approach to success. Boards of all sizes and stages rely on Boardspan to deliver analytics, insights, and outcomes that improve their effectiveness and performance. Clients include e.l.f. Beauty, Salesforce, Colgate Palmolive, Lam Research, KKR, The Kellogg Foundation, Ingersoll Rand, Box, Blue Shield of CA, and the U.S. Olympic & Paralympic Committee.*



## Let us help you advance up The Governance Curve™

Contact us at:  
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